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## DISCUSSION

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MR. CHARLES W. BAKER, EDITOR OF THE "ENGINEERING NEWS:" We have been told, gentlemen, that the reason why the trusts were organized was because of the economic advantages of combination. I am far from denying that there are, in certain lines of trade, great advantages in monopoly. I fully agree with the principle that in transportation, for example, we must have monopoly. It may be also that in certain other lines it will be for the advantage of the public to have great combinations of capital and limitation of competition. I think it ought to go on record, however, that the great carnival of trust formation which went on in this country ten or twelve years ago, did not come about because thirty or forty manufacturers saw that they could make great economies by combining and forming a trust. The real forces behind that movement were very plain and simple. A lot of excellent bankers in Wall Street found that they could buy two and two, put them together and sell to the public for six or seven or eight.

You have heard something about the Single Tax and unearned increment on land values. I wish to point out that the trust formation placed an unearned increment burden on our manufacturing industries. The independent manufacturer doing business, under former conditions, expected ten per cent interest on his capital actually invested. The bankers found by combining a lot of concerns, that the public would buy them at a price representing several times the actual investment, and would be satisfied with a return of five or six per cent. That discovery has loaded up our manufacturing industries with an enormous burden of capital on which they are now trying to earn dividends.

The Sherman Act is only one step in control of the trusts. The trust movement has divorced ownership from control. The individual stockholder in a trust or any great corporation has no part in its real control. These great concerns are run by a small coterie of financiers, who may often hold only a small percentage of the stock. Government supervision is as necessary to protect

the hundreds of thousands of small stockholders from robbery as it is to protect the public from extortion.

MR. R. F. DEVINE, ERIE, PA.: I came from Erie to attend these meetings and have had the pleasure of listening to statesmen, college professors and prominent representatives of labor, illuminating the various subjects upon the program.

I have looked in vain for some common ground, some common conviction upon which we could all stand. One speaker after another proceeded with statements contradictory to or disagreeing with the statements of those preceding him and it seems strange that in this late day, statesmen, professors and reformers in behalf of labor who boast of the policy that has prevailed throughout this country should ridicule the honest statements of one of the speakers who by making reference to socialism merely attempted to step out of the beaten path. This gentleman has my respect, for he has shown the courage of his conviction.

I am not destructive. I believe in God and in mankind and in the final destiny of man. My contention is that the underlying cause of trouble is this, that in common with other civilizations we started out in error, ignoring for the most part natural rights. When we founded our government we deemed the highest right to be political and so the liberties of the people are now limited to what can be obtained through the exercise and administration of their political rights, for the fact that there are natural rights was not considered either by the constitution or the fundamental laws of the government.

What I mean by natural rights of man is this, that in so far as we are equal children of God, just so far are we equally entitled to what He created. In other words, God gave us power to labor that we might obey the injunction, "In the sweat of thy brow shalt thou eat bread," and that this divine injunction could be obeyed, He provided a material universe upon which we could exert these powers and gratify our desires.

You may laugh about the single tax, but I want earnestly to declare that this is the great moral reform which is now applicable even in the midst of these complex conditions. It requires reflection to see that manifold effects result from a single cause and that the remedy for a multitude of ills may lie in a single reform. Yet do not

the fruits of the soil belong to him to whom belongs the soil itself?

Our nation is going in exactly the same direction as that in which every other nation has gone. Our ship of state is doomed to end upon the rocks unless we retrench and restore to the American people their inherent right to the use of the earth. The American people have a natural moral right to an undivided interest in the land of their country—the coal fields, the farm and mineral lands, the surface and interior everywhere. This can be obtained only by the application of the principles set forth by one of the speakers and advanced more comprehensively by Henry George, principles based upon both a keen sense of moral right and a clear understanding of practical economics.

Why is it that these learned men must wait for a breaker boy to tell them this? That is where I got my early education, in the anthracite coal fields. But after years of travel, of thought and serious work upon these problems in an earnest endeavor to solve them, for myself at least, I found, I believe, this fundamental truth, that private appropriation of rent, or the earnings of land, is morally wrong. Indeed it is the greatest and most fundamental wrong. Selling money is a moral wrong, for money is created by law, by the fiat of the government. It is not the product of labor and ought not, therefore, to be bought and sold. Land should not be bought and sold. It is the gift of God to man, not to this generation merely, but to all generations, a gift which all may use, but none claim as his alone.

No one comes into the world save through the grace of God, and his presence therein attests his inherent right to equal enjoyment of God's bounty. To things created by our own labor we have an absolute right, but to those created by the will of God we all have equal right. He is the beneficent Father, we are His children; and, as Henry George well said, "It is a natural law that this provision has been made for the organization of society."

MR. F. L. KING, PRESIDENT, GOOD GOVERNMENT CLUB OF PENNSYLVANIA: The effect of industrial combinations, culminating in the fifteen billion dollar monopoly of monopolies in finance, commerce and industry, is felt by everybody—the laboring man, the business man, the manufacturer, the farmer the consumer and the govern-

ment—in the high cost of living throughout the land, to the extent of from thirty to forty per cent excess of dividends unjustly and unreasonably paid on fictitious values on railroad, steamship and industrial securities.

This has been insidiously accomplished through re-organization after re-organization increasing the original fictitious values until it has become a menace to the people and the nation. No one industrial concern can earn or be allowed to extort over one billion dollars in ten years within the limits of the Sherman law, and with regard to the rights of others; and one thing is certain, there can be no improvement until the links of this endless chain be separated into their component parts and properly regulated by the state and federal governments.

Competition, as a safeguard to national welfare, depends entirely upon state and federal regulation by state and federal authorities conjointly; restricting trusts or corporations to not more than twenty per cent of any business, raw material, or money; preventing interlocking of directorates and interholdings of stocks, so as to secure fair play in business, as also property and individual rights.

This regulation should prohibit the relinking of all component parts of trusts, except where wise, prudent and advisable for competitive purposes, as also the possibility of trust control by the changes of political parties or otherwise. No intelligent business man, without an ulterior motive, can advocate that these trusts should be allowed to continue in their present courses of enslaving the public for their selfish benefit by regulating a part rather than all of them, and no matter how much the inexperienced may object to regulation, it is the only way that right and justice can be secured and maintained.

It is always to be borne in mind that the growth of this endless chain of special privileges is due more especially to one faction of Wall Street's high financiers, which, if permitted to continue, would not only ruin individual and corporate home trade but that foreign trade, for which the Panama Canal was built, and which is so essential in building up an interchange of commerce with Central and South America.

Regulation that really regulates is the only efficient and effective process by which trusts can be broken up and controlled so as

to prevent the swamping of the courts with endless complaints; and unless laws be enacted that will put all corporations on the same footing, there will be endless trouble, in which trusts and corporations will defer indefinitely the needed remedy.

The Interstate Commerce Commission, without power to regulate capitalization and limit dividends, has twenty-one years struggled to reach its present incomplete measure of regulation of railroads, and has this month thrown upon the courts, entailing endless delay and expense, over four thousand disputes. This sort of thing, this trifling with business, must not only be avoided in relation to each line of commerce, but in railroad carrying as well. The laws should be explicit. Empower the arbitrators to settle these matters in advance, and render unnecessary the bringing of erroneous disputes before either the commissioners or the courts and thus entirely side-track two-thirds of the bridges thought necessary to cross and teaching the valuable lesson of how to perform business honestly and right, by the example of respect for the law, and how to effectively correct the business morals of the nation.

No citizen has the right of free contract, verbal or written, directly or indirectly, or the right to do as he likes, if it injure others; and every violation of the law that tends to ruin the national welfare should certainly be punished as a personal criminal act, for if what has been done by the trusts in the past is not treasonable, then treason has been forgotten.

The readjustment of the tariff, on a scientific basis, considering the differences in costs of production here and abroad, has proven a wise step in advance of the opening of the Panama Canal; but to enable business men and manufacturers to get this business in competition with Germany, and other countries, and hold it permanently by selling at the same prices abroad as at home, anyone can see that still further readjustment of the tariff will be in order in 1914. Moreover, the elimination of fictitious values in railroad and industrial capitalization; the breaking up of control of raw material; reduction in the prices of money; freight rates and costs of production all along the line, are essential before manufacturers and business men can begin to secure that larger proportion of trade, not only in the Western but in the Eastern Hemisphere, to which American citizens are justly entitled.

The elimination of the presumption of double profits from a section of high finance in New York in 1907 by American business men has already shown the importance of applying the same remedies to railroads, banking and business, and the questions for serious consideration, then, are as follows:

1. Recognizing that while one hundred per cent of business will always be doing, and that there is not two hundred per cent to divide with anybody, as radicals and high financiers would make the public believe, proper laws and measures should be enacted and adopted to secure the people in the full rewards of their industry.

2. Elimination of all double profits, unjust profits from money, combined with unreasonable profits from business.

3. The building up of foreign trade by reciprocity treaties, and the recognition of the fact that the deepening of the interests of the people in this business will bring full rewards to all.

4. This is the time to do it and without further unnecessary delay.

MR. F. S. UNDERHILL, PHILADELPHIA: Because the hour is so late, I do not believe I will take five minutes. I received a communication from Mr. Rowe, offering ten minutes in this discussion.

I am a representative of the lumbermen. There has been a great cry about a lumber trust. I shall not attempt to discuss it at this late hour, any more than to say that after a great deal of endeavor on the part of those who sought to locate a lumber trust, they failed to find such a trust among the manufacturers, or among the wholesale distributors of lumber. Eventually, however, in their eagerness to find something of that nature they landed upon an organization of retail dealers located along the eastern seaboard, known as the Eastern States Retail Lumber Dealer's Association, whose members do not do one per cent of the lumber business of the country and proclaimed them as a "trust of power;" and all that could be said of these people was that they believed there was such a thing as ethics even in the lumber trade.

There never was, in the sense of the Sherman Act, or in any way that has ever been fairly demonstrated, a lumber trust. There never could be a lumber trust. There is more competition to-day among lumbermen, manufacturers, wholesalers and retailers, I

imagine, than in any other commodity marketed in the country; and if there ever comes a time when any of the men who are in the lumber business attempt to organize a monopoly or trust, there are enough farmers owning timbered wood lots, and enough saw-mill manufacturers to produce portable saw mills to enable them to put any such trust out of business in a few months.